STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2025

PHARUS EXCLARARET NOS

TOWN OF SIDNEY

BRITISH COLUMBIA

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STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2025

STATEMENT OF APPROVAL

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approve all the statements and schedules included in this Statement of Financial Information for the year ended December 31, 2025, produced under the *Financial Information Act*.

Andrew Hicik	Cliff McNeil-Smith
Chief Financial Officer	Mayor, On behalf of Council
June 22, 2026	June 22, 2026

Prepared pursuant to Financial Information Regulations, Schedule 1, Section 9

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2025

MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the Financial Information Act have been prepared by management in compliance with legislation, and in accordance with public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for the additional statements and schedules presented in this document, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The Town's Chief Financial Officer is responsible for assessing the management systems and practices of the Town.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The Town's independent external auditor, KPMG LLP, conducts an examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Town's system of internal control, and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. Their examination does not relate to the other schedules and statements required by the Financial Information Act. The external auditor has full and free access to Council, and presents the Audit Findings Report on an annual basis.

On behalf of the Town of Sidney,

Andrew Hicik
Chief Financial Officer

June 22, 2026

Prepared pursuant to Financial Information Regulations, Schedule 1, section 9

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2025

FINANCIAL STATEMENTS

TOWN OF SIDNEY

BRITISH COLUMBIA

TOWN OF SIDNEY

FINANCIAL REPORTING RESPONSIBILITY

The accompanying financial statements of the Town of Sidney (the "Town") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with public sector accounting standards for local governments, as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is included in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Municipal Council meets with management and the external auditors to review the financial statements and discuss any significant reporting or internal control matters prior to their acceptance of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the Town's financial statements.

Director of Finance

KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of the Town of Sidney

Opinion

We have audited the financial statements of the Town of Sidney (the "Town"), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated operating surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2025, and its results of operations, its remeasurement gains and losses, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our auditor's report.

We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
May 11, 2026

TOWN OF SIDNEY

Statement of Financial Position
December 31, 2025, with comparative figures for 2024

	2025	2024
Financial assets:		
Cash and cash equivalents (note 2)	$ 14,680,803	$ 14,071,752
Investments	9,204,297	9,000,000
Property taxes receivable	557,201	412,937
Accounts receivable	2,933,340	2,761,494
MFA Debt Reserve Fund cash (note 5c)	159,865	155,216
	27,535,506	26,401,399
Liabilities:		
Accounts payable and accrued liabilities	4,374,320	3,454,335
Deferred revenue and deposits (note 3)	5,883,884	5,166,739
Employee future benefit liability (note 4)	1,135,500	1,131,800
Debt (note 5)	10,100,236	10,555,138
Asset retirement obligations (note 6)	757,700	739,300
	22,251,640	21,047,312
Net financial assets	5,283,866	5,354,087
Non-financial assets:		
Tangible capital assets (note 7)	121,476,096	119,186,841
Inventory of supplies	465,217	378,342
Prepaid expenses	499,078	462,581
	122,440,391	120,027,764
Accumulated operating surplus (note 8)	127,673,436	125,193,836
Accumulated remeasurement gain	50,821	188,015
Accumulated surplus	$ 127,724,257	$ 125,381,851

Contractual rights (note 14)
Commitments and contingent liabilities (note 15)

The accompanying notes are an integral part of these financial statements.

Director of Finance

TOWN OF SIDNEY

Statement of Operations and Accumulated Operating Surplus
Year ended December 31, 2025, with comparative figures for 2024

	Budget 2025	Actual 2025	Actual 2024
	(note 12)		
Revenue:			
Net taxes available for municipal purposes (note 9)	*$ 18,843,746*	$ 18,822,262	$ 17,188,397
Fees, rates and service charges	*8,381,853*	8,277,508	7,636,683
Government transfers (note 10)	*3,250,987*	2,828,768	3,869,608
Investment earnings	*750,000*	913,474	1,248,663
Gifts and contributions	*132,500*	806,353	1,588,570
Penalties and interest	*129,500*	160,121	153,827
Actuarial adjustment on debt	-	81,851	67,434
Other	*9,500*	48,290	3,840
Total revenue	*31,498,086*	31,938,627	31,757,022
Expenses:			
General government	*3,610,923*	3,449,984	3,499,661
Protective services	*8,876,673*	8,779,254	7,363,649
Transportation	*5,269,301*	4,884,037	5,133,712
Environmental health services	*1,501,004*	1,289,084	1,278,898
Environmental development	*733,095*	565,652	579,080
Leisure, parks and cultural	*4,090,041*	4,050,718	3,871,539
Water utility	*2,748,025*	2,629,181	2,494,048
Sewer utility	*2,883,109*	2,688,590	2,691,771
Other (note 11)	*1,213,040*	1,122,527	1,178,033
Total expenses	*30,925,211*	29,459,027	28,090,391
Annual operating surplus	*572,875*	2,479,600	3,666,631
Accumulated operating surplus, beginning of year	*125,193,836*	125,193,836	121,527,205
Accumulated operating surplus, end of year	*$ 125,766,711*	$ 127,673,436	$ 125,193,836

The accompanying notes are an integral part of these financial statements.

TOWN OF SIDNEY

Statement of Changes in Net Financial Assets
Year ended December 31, 2025, with comparative figures for 2024

	Budget 2025	Actual 2025	Actual 2024
	(note 12)		
Annual surplus	*$ 572,875*	$ 2,479,600	$ 3,666,631
Acquisition of tangible capital assets	*(11,118,520)*	(5,993,687)	(11,466,772)
Amortization of tangible capital assets	*3,500,000*	3,690,283	3,467,218
Gain on disposal of tangible capital assets	-	(39,091)	(886)
Proceeds on disposal of tangible capital assets	-	53,240	18,404
	(7,045,645)	190,345	(4,315,405)
Acquisition of inventory of supplies	-	(465,217)	(378,342)
Acquisition of prepaid expense	-	(499,078)	(462,581)
Consumption of inventory of supplies	-	378,342	320,899
Use of prepaid expenses	-	462,581	400,001
Change in net financial assets	*(7,045,645)*	66,973	(4,435,428)
Net financial assets, beginning of year	*5,354,087*	5,354,087	9,566,512
Change in accumulated remeasurement gain (loss)	-	(137,194)	223,003
(Net debt) / Net financial assets, end of year	*$ (1,691,558)*	$ 5,283,866	$ 5,354,087

The accompanying notes are an integral part of these financial statements.

TOWN OF SIDNEY

Statement of Remeasurement Gains and Losses
Year ended December 31, 2025, with comparative figures for 2024

		2025		2024
Accumulated remeasurement gain (loss), beginning of year	$	188,015	$	(34,988)
Unrealized gain (loss) attributable to:				
Foreign exchange		(137,194)		223,003
Net change in remeasurement gain (loss) for the year		(137,194)		223,003
Accumulated remeasurement gain, end of year	$	50,821	$	188,015

The accompanying notes are an integral part of these financial statements.

TOWN OF SIDNEY

Statement of Cash Flows
Year ended December 31, 2025, with comparative figures for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 2,479,600	$ 3,666,631
Items not involving cash:		
Amortization	3,690,283	3,467,218
Gain on disposal of tangible capital assets	(39,091)	(886)
Developer contribution of tangible capital assets	(495,320)	(898,435)
Change in employee future benefit liability	3,700	(1,700)
Actuarial adjustment on debt	(81,851)	(67,434)
Asset retirement expense on inactive assets	500	4,800
Unrealized remeasurement gain (loss) on foreign exchange	(137,194)	223,003
Changes in non-cash assets and liabilities:		
Property taxes receivable	(144,264)	(7,210)
Accounts receivable	(171,846)	3,708,410
Accounts payable and accrued liabilities	919,985	(623,617)
Deferred revenue	717,145	(979,743)
Inventory of supplies	(86,875)	(57,443)
Prepaid expenses	(36,497)	(62,580)
Net change in cash from operating activities	6,618,275	8,371,014
Capital activities:		
Proceeds on disposal of tangible capital assets	21,440	18,404
Cash used to acquire tangible capital assets	(5,448,667)	(10,534,437)
Net change in cash from capital activities	(5,427,227)	(10,516,033)
Investment activities:		
Investments	(204,297)	3,020,282
Net change in cash from investing activities	(204,297)	3,020,282
Financing activities		
Municipal Finance Authority debt reserve adjustment	(4,649)	(17,921)
Debt issued and assumed	-	1,300,000
Long-term debt repaid	(373,051)	(327,079)
Net change in cash from financing activities	(377,700)	955,000
Net change in cash and cash equivalents	609,051	1,830,263
Cash and cash equivalents, beginning of year	14,071,752	12,241,489
Cash and cash equivalents, end of year	**$ 14,680,803**	**$ 14,071,752**
Cash paid for interest	$ 340,788	$ 278,809
Cash received from interest	936,661	1,273,635

The accompanying notes are an integral part of these financial statements.

The Town of Sidney (the "Town") is a municipality in the Province of British Columbia and operates under the provisions of the Local Government Act and Community Charter. Its principal activities are the provision of local government services to residents of the Town. These include administrative, protective, transportation, environmental, recreational, water, sewer and fiscal services.

1. Significant accounting policies:

The financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Town are as follows:

(a) Reporting entity:

The financial statements include a combination of the assets, liabilities, accumulated surplus, revenues and expenses of all of the Town's activities and funds. Inter-departmental balances and organizational transactions have been eliminated.

(b) Basis of accounting:

The Town follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Government transfers are recognized in the financial statements as revenue in the period the transfers are authorized and any eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

(d) Property tax revenue:

Property tax revenue is recognized on an accrual basis using property assessment values established by BC Assessment for the current year and the tax rates established annually by Council. Tax revenues are recorded at the date property taxes are due. Assessments are subject to appeal and tax adjustments are recorded when the results of the appeals are known, and if required. An allowance for unresolved assessment appeals is also recorded.

(e) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation or agreement, which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenues arising from exchange transactions are recognized when the related performance obligation(s) are satisfied.

1. Significant accounting policies (continued):

(f) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

(g) Financial instruments:

The Town's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, deposits, and debt. The carrying amount of these financial instruments approximates the fair value because they are short-term in nature or because they bear interest at market rates.

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Town does not hold any instruments that require fair value reporting and has not elected to record any other financial instruments at fair value.

Financial instruments recorded at cost are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method or effective interest rate method. All financial assets are assessed for impairment on an annual basis.

(h) Employee future benefits:

The Town and its employees make contributions to the Municipal Pension Plan. The Town contributions are expensed as incurred.

Leave benefits such as banked sick, discretionary, or vacation time, along with retirement allowance benefits, are also available to the Town's employees. The costs of these benefits are actuarially determined based on service, best estimates of retirement ages, and expected future salary and benefit increases. The obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(i) Asset retirement obligation:

An asset retirement obligation (ARO) is a legal obligation associated with the retirement of a tangible capital asset and is recognized when, as at the financial reporting date, all of the following criteria are met:

(i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
(ii) The past transaction or event giving rise to the liability has occurred;
(iii) It is expected that future economic benefit will be given up; and
(iv) A reasonable estimate of the amount can be made.

The recognition of an ARO liability increases the carrying value of the underlying asset, and is amortized over the asset's remaining useful life in accordance with the accounting policy outlined in note 1(j). Where the underlying asset is no longer in productive use, the obligation is recorded as an expense on the Statement of Operations and Accumulated Operating Surplus.

1. Significant accounting policies (continued):

(i) Asset retirement obligation (continued):

AROs are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. In subsequent periods, the assumptions used in determining the ARO will be reviewed annually, and the value of the liability revised, when appropriate.

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities, and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Useful Life - Years
Land improvements	10 - 75
Buildings and building improvements	15 - 100
Vehicles, machinery and equipment	3 - 50
Water and wastewater infrastructure	12 - 75
Road infrastructure	25 - 100

Amortization is charged annually. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Town's ability to provide services, or when the value of future economic benefits associated with the asset is less than the book value.

(ii) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, with the value of the contribution recorded as revenue.

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest capitalization

The Town does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

1. Significant accounting policies (continued):

(k) Contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

(i) An environmental standard exists;
(ii) Contamination exceeds the environmental standard;
(iii) The Town is directly responsible or accepts responsibility;
(iv) It is expected that future economic benefits will be given up; and
(v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site. Management has not identified any Town sites that meet the criteria of a contaminated site.

(l) Foreign currency:

Foreign currency transactions are translated into Canadian dollars at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Unrealized foreign exchange gains or losses, resulting from a change in the exchange rate that arises prior to settlement, are recognized in the Statement of Remeasurement Gains and Losses. In the period of settlement, realized gains or losses are recognized on the Statement of Operations and Accumulated Operating Surplus, and the related unrealized balances are reversed from the Statement of Remeasurement Gains and Losses.

(m) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets, estimating provisions for accrued liabilities, including employee future benefits, contaminated sites, contingent liabilities and asset retirement obligations. Actual results could differ from these estimates.

2. Cash and cash equivalents:

	2025	2024
Cash	$ 12,657,300	$ 14,071,752
Municipal Finance Authority money market fund	2,023,503	-
	$ 14,680,803	$ 14,071,752

3. Deferred revenue and deposits:

The deferred revenues and deposits reported on the statement of financial position are comprised of the following:

	Balance at Dec 31, 2024	Recognized as revenue or refunded	Interest earned	Current year deferred	Balance at Dec 31, 2025
Prepaid property taxes	$ 1,996,280	$ (1,996,280)	$ -	$ 2,852,812	$ 2,852,812
Prepaid fees and charges	703,131	(329,731)	-	212,515	585,915
Deferred developer contributions & deposits	1,872,843	(1,762,386)	6,700	1,619,887	1,737,044
Deposits on hold	594,485	(385,563)	-	499,191	708,113
	$ 5,166,739	$ (4,473,960)	$ 6,700	$ 5,184,405	$ 5,883,884

4. Employee future benefit liability:

Sick leave and retirement benefits are available to Town employees; these benefits will require funding in future periods. The amounts recorded for these benefits are actuarially determined based on years of service and best estimates of retirement ages and expected future salary and wage increases. The obligations are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

Information regarding the Town's obligation for employee future benefits is as follows:

	2025	2024
Accrued employee benefit obligations:		
Balance, beginning of year	$ 993,900	$ 909,900
Plan amendment	-	68,100
Current service cost	100,900	88,300
Interest cost	43,800	38,900
Benefits paid	(128,400)	(109,500)
Actuarial adjustment	(37,900)	(1,800)
Balance, end of year	972,300	993,900
Unamortized net actuarial gain	163,200	137,900
Accrued employee benefit liability	$ 1,135,500	$ 1,131,800

Any actuarial gain or loss is amortized over a period equal to the employees' average remaining service lifetime, estimated to be 10 years (2024 - 10 years).

The liabilities are based on an actuarial valuation of the Town's employee future benefits completed as at December 31, 2025.

4. **Employee future benefit liability (continued):**

The significant actuarial assumptions adopted in measuring the Town's accrued benefit obligation are as follows:

	2025	2024
Discount rates	4.40%	4.30%
Expected wage and salary increases	2.50%	2.50%

The Town funds the employee future benefits with tax revenues from the general operating fund. The total expense recorded in the financial statements in respect of obligations under this plan amounts to $132,100 (2024 - $107,800).

Municipal pension plan:

The Town and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer, defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2024, the Plan had about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. The rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan, as at December 31, 2024, indicated a $2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027 with results available in 2028.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and costs to the individual employers participating in the Plan.

The Town paid $776,044 for employer contributions (2024 - $727,316) and Town employees paid $695,776 for employee contributions (2024 - $655,654) to the plan in fiscal 2025.

4. Employee future benefit liability (continued):

GVLRA – CUPE Long-Term Disability Trust

The Trust was established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relations Association representing a number of employers and the Canadian Union of Public Employees representing a number of CUPE locals. The Trust's sole purpose is to provide a long-term disability income benefit plan. Employers and employees each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was fully actuarially determined as at December 31, 2024. At December 31, 2024, the total plan provision for approved claims was $29,016,100 (2023 - $25,464,600) and the provision for unreported claims was $2,671,900 (2023 - $2,327,000) with an accumulated deficit of $4,356,410 (accumulated surplus in 2023 - $3,419,021).

The Town paid $112,040 for employer contributions (2024 - $109,974) and Town employees paid $112,040 for employee contributions (2024 - $109,974) to the plan in 2025.

5. Debt:

	2025	2024
Debt principal		
Short-term and other debt	$ 54,039	$ 109,830
Long-tem debt	10,046,197	10,445,308
	$ 10,100,236	$ 10,555,138

(a) The Town issues debt instruments through the Municipal Finance Authority (MFA), pursuant to loan authorization bylaws under authority of the Community Charter and the Local Government Act, to finance certain capital expenditures.

(b) The gross long-term debt issued at year-end was $12,800,000 (2024 - $12,800,000). The debt principal reported is net of repayments and actuarial gains or losses on sinking fund contributions managed by the MFA.

(c) Under borrowing arrangements with the MFA, the Town is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the Town. At December 31, 2025 there were contingent demand notes of $219,185 (2024 - $219,185) and cash deposits of $159,865 (2024 - $155,216). The demand notes are not included in the financial statements of the Town; however, the cash deposits are included in the financial statements as MFA Debt Reserve Fund cash.

5. Debt (continued):

(d) Principal repayments for long-term debt are estimated as follows over the next five years and thereafter:

2026	$	317,260
2027		317,260
2028		317,260
2029		317,260
2030		317,260
2031-2050		8,459,897
	$	10,046,197

(e) Scheduled debt repayments may be suspended should sinking fund accumulations exceed original estimates.

(f) Total interest expense incurred on debt during the year was $354,773 (2024 - $278,809).

(g) Existing long-term debt matures in annual amounts to the year 2050, and interest rates range from 1.47% to 3.83%. The weighted average interest rate for 2025 was 2.75% (2024 - 2.60%).

(h) Included in other debt are Equipment Financing Loan Agreements with the Municipal Finance Authority totaling $54,039 (2024 - $109,830) to finance the purchase of tangible capital assets.

The loans are repaid in monthly payments of $4,523 and mature in 2026. The loans are repayable on demand upon occurrence of any event of default. Interest is charged on a daily floating rate basis and compounded monthly. At year end, the floating rate was 2.91% per annum. Interest paid during the year was $2,934 (2024 - $7,564) and has been included in expenses on the Statement of Operations and Accumulated Operating Surplus. As a condition of borrowing, the Town has issued promissory notes in the value of $265,000 to the MFA.

6. Asset retirement obligations:

The Town's asset retirement obligation consists of two obligations as follows:

(a) Asbestos obligation:

The Town owns and operates buildings that are known to contain asbestos and other hazardous materials, which represent a health hazard upon demolition or certain renovations. The recognition of asset retirement obligations involves an accompanying increase to the buildings and building improvements capital assets; where the buildings and building improvements capital assets are no longer in productive use, the obligation is expensed on the Statement of Operations and Accumulated Operating Surplus. These asset retirement activities are estimated to occur between 2028 and 2082._

(b) Well closure obligation:

The Town is responsible for a number of historic wells. Provincial regulations require wells to be decommissioned, if not in use. This obligation was expensed on the Statement Operations and Accumulated Operating Surplus, as the underlying assets are no longer in productive use.

Changes to the asset retirement obligation in the year are as follows:

	Asbestos removal	Well closure	Total 2025	Total 2024
Asset retirement obligation, beginning of year	$ 726,100	$ 13,200	$ 739,300	$ 700,600
Additions	-	-	-	4,200
Revisions in estimate	18,000	400	18,400	34,500
Asset retirement obligation, end of year	$ 744,100	$ 13,600	$ 757,700	$ 739,300

7. Tangible capital assets:

Cost		Balance at Dec 31, 2024		Additions		Disposals / Transfers		Balance at Dec 31, 2025
Land	$	15,818,725	$	-	$	-	$	15,818,725
Land improvements		17,356,054		487,137		195,528		18,038,719
Buildings and building improvements		31,928,833		205,461		119		32,134,413
Vehicles, machinery and equipment		14,546,863		1,929,378		(244,665)		16,231,576
Water and wastewater infrastructure		54,063,139		820,687		713,585		55,597,411
Roads infrastructure		42,944,048		1,137,293		249,421		44,330,762
Assets under construction		1,859,803		1,413,731		(1,385,887)		1,887,647
Total	$	178,517,465	$	5,993,687	$	(471,899)	$	184,039,253

Accumulated Amortization		Balance at Dec 31, 2024		Amortization Expense		Disposals		Balance at Dec 31, 2025
Land	$	-	$	-	$	-	$	-
Land improvements		7,964,522		474,604		-		8,439,126
Buildings and building improvements		10,891,793		774,889		-		11,666,682
Vehicles, machinery and equipment		6,973,190		859,324		(333,849)		7,498,665
Water and wastewater infrastructure		19,896,544		747,461		-		20,644,005
Roads infrastructure		13,604,575		834,005		(123,901)		14,314,679
Assets under construction		-		-		-		-
Total	$	59,330,624	$	3,690,283	$	(457,750)	$	62,563,157

Net Book Value		Balance at Dec 31, 2024		Balance at Dec 31, 2025
Land	$	15,818,725	$	15,818,725
Land improvements		9,391,532		9,599,593
Buildings and building improvements		21,037,040		20,467,731
Vehicles, machinery and equipment		7,573,673		8,732,911
Water and wastewater infrastructure		34,166,595		34,953,406
Roads infrastructure		29,339,473		30,016,083
Assets under construction		1,859,803		1,887,647
Total	$	119,186,841	$	121,476,096

(a) Assets under construction

Assets under construction in the amount of $1,887,647 (2024 - $1,859,803) have not been amortized. Amortization of these assets will commence when the assets are available for service.

(b) Contributed tangible capital assets

Contributed capital assets are recognized at fair market value at the date of contribution and consist of water, wastewater and roads infrastructure. The value of contributed assets received during the year is $495,320 (2024 - $898,435).

7. Tangible capital assets (continued):

(c) Works of art and historical cultural assets

The Town manages and controls a limited number of works of art and non-operational historical cultural assets including artifacts, paintings and sculptures located at Town sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(d) Write-downs

The Town did not write down any tangible capital asset values during 2025 or 2024.

8. Accumulated surplus:

Accumulated surplus consists of individual fund surpluses, reserves and reserve funds as follows:

	2025	2024
Surplus:		
Invested in tangible capital assets	$ 110,636,060	$ 107,909,803
Surplus from operations	2,331,240	2,871,156
Total surplus	112,967,300	110,780,959
Reserves set aside by Council:		
Miscellaneous operating purposes	887,203	823,215
Miscellaneous capital purposes	476,347	439,293
Total reserves	1,363,550	1,262,508
Reserves funds set aside for specific purposes by Council:		
Land sale proceeds	87,175	284,282
Parkland acquisition	242,873	13,073
Off-street parking	439,997	425,197
Alternative transportation	72,210	387,742
Computer replacement	512,809	461,038
General capital	473,914	552,307
Vehicle replacement	(145,000)	589,435
Fire equipment replacement	(172,374)	(256,484)
Infrastructure replacement	5,557,306	4,745,376
Amenities	1,189,252	1,147,883
Ferry terminal	1,723,411	1,542,648
Agreements	133,371	138,057
Climate action	93,941	147,741
Canada Community-Building Fund	1,777,911	1,591,216
Grow ing Communities Fund	1,195,925	1,225,642
Total reserve funds	13,182,721	12,995,153
MFA Debt Reserve Fund cash	159,865	155,216
	$ 127,673,436	$ 125,193,836

8. Accumulated surplus (continued):

The Town periodically receives Canada Community-Building Fund contributions from the federal government. These funds, along with interest earned on the funds, are recorded as revenues and transferred to reserves until they are used to fund future eligible expenditures under the Community Works Fund Agreement.

	2025	2024
Canada Community-Building Fund, beginning of year	$ 1,591,216	$ 2,404,667
Amounts received during the year	624,298	624,298
Interest earned restricted for projects	55,500	125,200
Expenditures	(493,103)	(1,562,949)
Canada Community-Building Fund, end of year	$ 1,777,911	$ 1,591,216

9. Net taxes available for municipal purposes:

	2025	2024
Taxes:		
Property taxes	$ 35,050,808	$ 31,851,612
Revenue in lieu of taxes	306,643	319,729
Other	1,076,775	1,066,205
	36,434,226	33,237,546
Less taxes on behalf of:		
Provincial Government School Authorities	9,188,910	8,813,380
Capital Regional District	3,401,823	3,164,876
Capital Regional Hospital District	955,565	961,391
BC Transit	3,423,501	2,486,027
BC Assessment Authority	286,551	276,503
Municipal Finance Authority	1,553	1,547
Business Improvement Area	354,061	345,425
	17,611,964	16,049,149
Net taxes available for municipal purposes	$ 18,822,262	$ 17,188,397

10. Government transfers:

Government transfers are recognized in the financial statements as revenue in the period the transfers are authorized and any eligibility criteria and stipulations have been met. The government transfers reported on the Statement of Operations and Accumulated Operating Surplus are:

		2025		2024
Federal grants:				
Canada Community-Building Fund	$	624,298	$	624,298
Provincial grants:				
Federal / provincial capital grant programs		825,378		1,364,741
Small community protection grant		300,000		341,600
Traffic fine revenue sharing		80,000		97,000
Other provincial grants		359,055		354,391
		1,564,433		2,157,732
Regional and other local governments:				
Capital		-		500,170
Policing		535,077		482,943
Recreation		104,960		94,465
Other		-		10,000
		640,037		1,087,578
Total government transfer revenue	$	2,828,768	$	3,869,608

11. Other expenses:

		2025		2024
Grants to non-government organizations:				
Saanich Peninsula Memorial Park Society	$	443,425	$	414,970
Shaw Centre for the Salish Sea		206,932		205,000
Sidney Business Improvement Area Society		181,340		178,703
ArtSea Community Arts Council		51,800		51,800
South Island Prosperity Partnership		28,841		28,138
Peninsula Celebrations Society		12,000		12,000
Other		60,826		60,965
		985,164		951,576
Interest on prepaid taxes		63,464		94,284
Amortization on miscellaneous assets		5,313		7,924
Other		68,586		124,249
	$	1,122,527	$	1,178,033

12. Budget data:

The budget data presented in these financial statements is based upon the 2025-2029 Financial Plan adopted by Council on May 12, 2025. The table below reconciles the approved budget to the budget figures reported in these financial statements.

		Budget Amount
Revenues:		
Financial Plan	$	30,765,791
Add:		
Vancouver Island Regional Library Levy		1,086,356
Less:		
Sidney Business Improvement Area Levy		(354,061)
Total revenue		31,498,086
Expenses:		
Financial Plan		30,192,916
Add:		
Vancouver Island Regional Library Levy		1,086,356
Less:		
Sidney Business Improvement Area Levy		(354,061)
Total expenses		30,925,211
Annual surplus	**$**	**572,875**

13. Segmented information:

The Town of Sidney is a diversified organization that provides a wide range of services. These services have been captured in specific functions that have been separately disclosed in the segmented information as follows:

(a) General Government:

The General Government function is comprised of Legislative Services (Council and Committees) and General Administration, which includes Financial Management, Driver Services, Computer Services, Human Resources, Common Services, and other administrative activities related to the management of the Town.

(b) Protective Services:

The Protective Services function is comprised of five core services: Emergency Measures, Fire Protection, Police Protection, Court House, and Building & Bylaw Enforcement.

Emergency Measures captures the Town's emergency preparedness programs that ensure the Town is prepared and able to respond to the devastating effects of a disaster or major catastrophic event.

Fire Protection services are carried out by the Town's Fire Department, whose mandate is to provide critical, life-saving services in preventing or minimizing the loss of life and property from fire and natural or man-made emergencies.

Police Protection services are performed under contract by the RCMP, who ensure the safety of lives and property in the Town through law enforcement, the maintenance of law and order, and the prevention of crime.

13. Segmented information (continued):

Building and Bylaw Enforcement promotes, facilitates and enforces general compliance with the provisions of bylaws that pertain to the health, safety and welfare of the community.

(c) Transportation Services:

The Transportation Services function is responsible for a wide variety of transportation and engineering services including Roads, Storm Drainage, Dock & Port Facilities, and Hydrants.

The Roads function's principal activity is the development and maintenance of the Town's roadway systems by the Public Works department or contracted service providers. The main functions include traffic services consisting of street signs, street painting and traffic light control maintenance; street lighting; road, curb, sidewalk and cul-de-sac repairs and maintenance; and street sweeping.

The Storm Drains service performs preventative maintenance and repairs to the Town's storm drain system, maintains and repairs storm drain ditches, and cleans catch basins.

Dock & Port Facilities captures maintenance of the Town's waterfront infrastructure.

Hydrant services pertain to the maintenance of existing and installation of new fire hydrants.

(d) Environmental Health Services:

Environmental Health Services is comprised of two functions: Solid Waste and Environmental Programs.

Solid Waste provides garbage, organics and compost collection and disposal services to residents and businesses through the Town's designated contractors.

Environmental Programs undertakes initiatives in the Town that address the impacts of climate change.

(e) Environmental Development Services:

Environmental Development Services administers zoning and related bylaws, and provides long range planning and policy services, as well as administrative support to the Building Inspection function.

(f) Leisure, Parks and Cultural Services:

Leisure, Parks & Cultural Services is comprised of four different functions: Parks, Library, Senior's Centre and Museums.

Parks is responsible for the maintenance, planning and development of Town park facilities such as ornamental gardens, natural ecosystems, and playgrounds for recreational and cultural enjoyment in a beautiful and safe environment. It also preserves and enhances green spaces on public lands.

Library services are specific to maintenance of the Town owned library building, and funding to the Vancouver Island Regional Library service to operate and manage the library.

The Town owned Shoal Activity Centre is operated by Beacon Community Services, who receive funding from the Town to provide senior-related programs.

13. Segmented information (continued):

Museum services include providing space and funding to the Sidney Museum and Archives Society to manage and operate the Town's Historical Museum and Archives. The Town also provides space to the New Marine Centre Society for the operation of the Shaw Centre for the Salish Sea.

(g) Sewer and Water Utilities:

The Sewer Utility protects the environment and human health from the impacts of liquid waste generated as a result of human occupation and development in the Town. The Town operates a collection system, which transfers wastewater to a sub-regional treatment facility.

The Water Utility delivers clean, safe and aesthetically pleasing potable water, in accordance with the Provincial Drinking Water Protection Act, to the residents and businesses of the Town. The water is for the purposes of domestic and commercial consumption, irrigation and firefighting. The Town operates a water distribution system only, using treated water purchased in bulk from the Regional District.

(h) Other:

Other includes all revenues and expenses not captured in the above-named segmentation categories.

Other revenues include municipal taxes, unconditional provincial and federal government grants, traffic fine revenues, investment income, and other miscellaneous sources of revenue.

Other expenses include community support funding and grants, economic development, interest on prepaid taxes and deposits, contingencies, and other miscellaneous expenses.

The resulting annual surplus is primarily used for budgeted transfers to reserves, debt principal repayments, and acquisition of tangible capital assets.

Certain allocation methodologies have been employed in the preparation of the segmented financial information. Property taxation and revenue in-lieu of taxes are apportioned to the functions based on year-end operating results and funding of capital expenditures.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements, as disclosed in note 1.

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2025

13. Segmented information (continued):

	General Government	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Leisure, Parks and Cultural	Water Utility	Sewer Utility	Other	**2025**
Revenue:										
Taxes for municipal purposes	$ 2,756,279	$ 6,797,684	$ 2,209,338	$ 223,997	$ 524,291	$ 3,240,472	$ 489,825	$ 586,950	$ 1,993,426	**$ 18,822,262**
Fees, rates and service charges	548,751	417,034	1,004,726	936,112	25,606	159,203	2,484,300	2,525,633	176,143	**8,277,508**
Government transfers	3,946	993,680	536,254	149,881	27,445	113,264	-	-	1,004,298	**2,828,768**
Investment earnings	-	-	-	-	-	-	-	-	913,474	**913,474**
Gifts and contributions	-	-	487,820	-	-	23,069	7,500	-	287,964	**806,353**
Penalties and interest	-	-	-	3,185	-	-	7,357	7,873	141,706	**160,121**
Actuarial adjustment on debt	-	-	-	-	-	-	-	-	81,851	**81,851**
Other	-	-	-	-	-	-	-	-	48,290	**48,290**
Total revenue	3,308,976	8,208,398	4,238,138	1,313,175	577,342	3,536,008	2,988,982	3,120,456	4,647,152	**31,938,627**
Expenses:										
Salaries, wages and benefits	2,300,507	3,691,845	1,900,995	226,906	525,550	1,469,098	612,977	387,516	13,029	**11,128,423**
Contracted services	870,033	3,790,409	753,110	1,034,502	38,526	1,672,007	45,149	2,017,311	519,048	**10,740,095**
Supplies and equipment	58,592	351,043	370,322	27,326	1,576	385,630	1,673,570	88,538	375	**2,956,972**
Debt interest	-	239,186	32,059	-	-	83,528	-	-	13,986	**368,759**
Other	869	2,500	-	350	-	-	-	-	570,776	**574,495**
Amortization	219,983	704,271	1,827,551	-	-	440,455	297,485	195,225	5,313	**3,690,283**
Total expenses	3,449,984	8,779,254	4,884,037	1,289,084	565,652	4,050,718	2,629,181	2,688,590	1,122,527	**29,459,027**
Annual surplus (deficit)	$ (141,008)	$ (570,856)	$ (645,899)	$ 24,091	$ 11,690	$ (514,710)	$ 359,801	$ 431,866	$ 3,524,625	**$ 2,479,600**

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2025

13. Segmented information (continued):

	General Government	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Leisure, Parks and Cultural	Water Utility	Sewer Utility	Other	**2024**
Revenue:										
Taxes for municipal purposes	$ 2,483,143	$ 5,407,119	$ 2,183,721	$ 159,572	$ 533,803	$ 3,026,490	$ 483,675	$ 582,530	$ 2,328,344	**$ 17,188,397**
Fees, rates and service charges	492,537	496,009	1,146,711	894,969	23,442	157,514	2,217,453	2,030,600	177,448	**7,636,683**
Government transfers	22,415	591,861	1,865,855	205,819	21,295	99,466	-	-	1,062,897	**3,869,608**
Investment earnings	-	-	-	-	-	-	-	-	1,248,663	**1,248,663**
Gifts and contributions	-	7,355	1,402,427	-	-	119,138	36,375	23,275	-	**1,588,570**
Penalties and interest	-	-	-	3,313	-	-	8,987	8,518	133,009	**153,827**
Actuarial adjustment on debt	-	-	-	-	-	-	-	-	67,434	**67,434**
Other	-	-	-	-	-	-	-	-	3,840	**3,840**
Total revenue	2,998,095	6,502,344	6,598,714	1,263,673	578,540	3,402,608	2,746,490	2,644,923	5,021,635	**31,757,022**
Expenses:										
Salaries, wages and benefits	2,128,988	3,227,149	1,961,079	227,432	516,442	1,391,618	615,225	395,844	8,177	**10,471,954**
Contracted services	1,062,001	2,948,292	1,117,688	1,006,395	61,909	1,564,050	76,932	2,021,831	478,567	**10,337,665**
Supplies and equipment	61,884	277,171	386,943	38,671	729	457,393	1,532,108	73,756	435	**2,829,090**
Debt interest	-	227,770	32,505	-	-	31,601	-	-	-	**291,876**
Other	632	2,500	-	6,400	-	126	-	-	682,930	**692,588**
Amortization	246,156	680,767	1,635,497	-	-	426,751	269,783	200,340	7,924	**3,467,218**
Total expenses	3,499,661	7,363,649	5,133,712	1,278,898	579,080	3,871,539	2,494,048	2,691,771	1,178,033	**28,090,391**
Annual surplus (deficit)	$ (501,566)	$ (861,305)	$ 1,465,002	$ (15,225)	$ (540)	$ (468,931)	$ 252,442	$ (46,848)	$ 3,843,602	**$ 3,666,631**

14. Contractual rights:

The Town holds contractual rights arising from contracts and agreements that have been entered into with various parties that provide the Town with enforceable future payments that will result in assets and revenues in the future. The estimated contractual rights under these contracts, for the years ending December 31 are as follows:

2026	$	1,253,857
2027		1,126,196
2028		1,130,422
	$	**3,510,475**

In addition to these contractual rights, the Town has agreements with several parties that provide for the recovery of operating costs, and payment of annual fees and commissions. The timing and extent of these future contributions vary depending on annual results, and cannot be determined with certainty at the financial statement date.

15. Commitments and contingent liabilities:

(a) Under Section 412 of the Local Government Act, all member municipalities are jointly and severally liable for the indebtedness of the Capital Regional District in the event of default by the Regional District. Management does not consider external payment under this contingency to be likely and therefore, no amounts have been accrued.

(b) The Town is a participant in the Municipal Insurance Association of British Columbia (MIABC). Should the MIABC pay out claims in excess of its accumulated reserves, it is possible that the Town, along with other participants, would be required to contribute towards the deficit. Management does not consider external payment under this contingency to be likely and therefore, no amounts have been accrued.

(c) The Town is a shareholder and member of Capital Regional Emergency Service Telecommunications (CREST) Incorporated, which provides centralized emergency communications and related public safety information services to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout the Greater Victoria region and the Gulf Islands. Members' obligations to share in funding ongoing operations and any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.

(d) The Town has an RCMP Premises Agreement with the District of North Saanich for the provision of accommodations for a joint RCMP detachment. The parties jointly own the building occupied by the policing detachment, in proportion to their relative contributions to the principal repayment of the debt incurred in order to construct the building. North Saanich's proportionate share is approximately 36%. The Agreement requires the Town to pay to North Saanich their proportionate share of the fair market value of the building should the parties eventually decide to terminate their agreement to provide joint accommodations.

15. Commitments and contingent liabilities (continued):

A market value study commissioned in 2011 places North Saanich's share at approximately $615,000, and the RCMP Premises Agreement caps the maximum payout at $715,000. However, there is no intention at this time to contemplate termination of the agreement.

(e) The Town has entered into two agreements with the Saanich Peninsula Memorial Park Society (MPS), which commit the Town to the following payment streams until the current agreements expire in 2032, at which time the funding formula may be renegotiated.

Base Funding Agreement: The Town will provide annual funding to the Society in the amount of 2.5% of the previous year's municipal property tax revenues. The 2025 payment was $369,522; and the 2026 payment will be $408,955; future year payments are estimated to increase by 4% annually.

Parking Agreement: The Town uses a part of the Society's lands for the purpose of a public parking lot. This agreement commits the Town to pay the equivalent of 0.5% of the previous year's municipal property tax revenues. The 2025 payment was $73,904; and the 2026 payment will be $81,791; future year payments are estimated to increase by 4.0% annually.

The Town has also committed to assuming responsibility for grounds maintenance at the Mary Winspear Centre (the local theatre and conference facility owned and operated by MPS), beginning in 2017, at a maximum cost of $25,000 per year, with an annual inflation factor being applied starting in the sixth year. The maximum commitment for 2026 will be $29,079. This commitment is included in the Town's annual operating budget, under Leisure, Parks and Cultural Services.

16. Financial risk management:

The Town is exposed to the following risks from its use of financial instruments in the normal course of operations: liquidity risk, credit risk, interest rate risk and foreign exchange risk. It is management's opinion that the Town is not exposed to significant risks from its use of financial instruments which could affect its ability to achieve strategic objectives.

(a) Liquidity risk:

Liquidity risk is the risk that the Town will not be able to meet its financial obligations as they become due. The Town manages its liquidity risk by continually monitoring cash flows from operations and anticipated investing and financial activities to ensure, as far as possible, that it will always have sufficient liquidity to meet obligations when due.

(b) Credit risk:

Credit risk is the risk of financial loss to the Town if a counterparty to a financial instrument fails to meet their contractual obligations. The Town is exposed to credit risk through its receivables and investment holdings.

16. Financial risk management (continued):

(b) Credit risk (continued):

Receivables primarily consist of payment for cost sharing agreements with neighboring local governments, user fees, accrued interest and other payments secured by letters of credit. The risk of default on these receivables is very low. Receivables from other parties are monitored regularly and an allowance for potentially uncollectible amounts is established when needed.

Investments consist of guaranteed investment certificates, issued by either Canadian Chartered banks with a credit rating of AA or higher, or credit unions with 100% guarantee from the Credit Union Deposit Insurance Corporation of British Columbia.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Town is exposed to interest rate risk on its floating rate deposits and variable rate equipment financing loans. Maintaining an adequate level of readily accessible floating rate deposits is necessary for working capital and mitigates the Town's exposure to liquidity risk. The balance of the Town's variable rate equipment financing loans does not expose the Town to a significant level of interest rate risk, and is partially offset by the floating rate deposits.

(d) Foreign exchange risk:

Foreign exchange risk is the risk that the fair value of financial instruments will fluctuate due to changes in foreign exchange rates. The functional currency of the Town is the Canadian dollar, and the Town occasionally makes certain purchases denominated in U.S. dollars. The Town is exposed to foreign exchange risks on its U.S. dollar bank account; however, the exposure does not significantly impact the Town's operations.

17. Comparative information:

Certain prior year comparative information has been reclassified to conform to the presentation adopted in the current year.

TOWN OF SIDNEY

Growing Communities Fund Grant Schedule
Year Ended December 31, 2025
(Unaudited)

On March 23, 2023, the Town received $3,820,000 in a one-time grant from the Provincial Growing Communities Fund. The grant was recognized as revenue when received and transferred to a statutory reserve to fund future eligible expenditures.

	2025	2024
Growing Communities Fund Grant, beginning of year	$ 1,225,642	$ 3,820,000
Interest earned	42,700	198,900
Eligible costs incurred		
Water system upgrades	-	(1,799,000)
Public safety	(43,560)	-
Road improvements	(28,857)	(505,000)
New accessible public washroom	-	(305,000)
Parks improvements	-	(168,883)
Other	-	(15,375)
Growing Communities Fund Grant, end of year	$ 1,195,925	$ 1,225,642

TOWN OF SIDNEY

Capacity Funding for Housing Initiatives Grant Schedule
Year Ended December 31, 2025
(Unaudited)

On January 30, 2024, the Town received $206,117 in a one-time grant from the Provincial Capacity Funding for Local Government Housing Initiatives program. The unused portion of the grant was deferred, and will be recognized as revenue as eligible expenditures are incurred.

	2025	2024
Capacity Funding for Housing Initiatives Grant, beginning of year	$ 184,822	$ -
Received during the year	-	206,117
Eligible costs incurred:		
DCC / ACC Bylaw development	(19,855)	(21,295)
Tenant Protection Bylaw development	(7,590)	-
Capacity Funding for Housing Initiatives Grant, end of year	$ 157,377	$ 184,822

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2025

SCHEDULE OF DEBTS

DEBT TYPE	DESCRIPTION	ORIGINAL LOAN PROCEEDS	PRINCIPAL BALANCE DEC 31/24	NEW DEBT 2025	PRINCIPAL PAID 2025	INTEREST PAID 2025	ACTUARIAL EARNINGS 2025	PRINCIPAL BALANCE DEC 31/25	INTEREST RATE	MATURITY YEAR
Long Term	Lochside/Iroquois	$ 1,448,000	$ 788,991	$ -	$ 38,798	$ 33,738	$ 24,059	$ 726,134	3.38%	2035
Long Term	Iroquois/Public Works Yard	1,073,000	637,414	-	28,750	15,773	15,466	593,198	1.47%	2036
Long Term	Public Works Yard	479,000	299,895	-	14,187	16,238	5,681	280,027	3.39%	2037
Long Term	Community Safety Building	3,000,000	2,513,327	-	63,058	94,500	15,056	2,435,213	3.15%	2047
Long Term	Community Safety Building	2,500,000	2,214,916	-	52,548	66,500	9,701	2,152,667	2.66%	2049
Long Term	Community Safety Building	3,000,000	2,690,765	-	73,950	75,300	11,469	2,605,346	3.03%	2050
Long Term	Parkland Acquisition	1,300,000	1,300,000	-	45,969	49,790	419	1,253,612	3.83%	2044
Financing	Equipment	308,437	109,830	-	55,791	2,934	-	54,039	Variable	2026
Total Debt		**$ 13,108,437**	**$ 10,555,138**	**$ -**	**$ 373,051**	**$ 354,773**	**$ 81,851**	**$ 10,100,236**		

Prepared pursuant to Financial Information Regulations, Schedule 1, Section 4

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2025

SCHEDULE OF INDEMNITY AND GUARANTEES

No indemnity and guarantee agreements in 2025.

Prepared pursuant to Financial Information Regulations, Schedule 1, Section 5

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2025
SCHEDULE OF REMUNERATION AND EXPENSES

ELECTED OFFICIALS

NAME	POSITION	REMUNERATION GROSS	REMUNERATION BENEFITS	REMUNERATION TOTAL	EXPENSES [1]
McNeil-Smith, Cliff	Mayor	$ 46,249	$ -	$ 46,249	$ -
Duck, Stephen	Councillor	18,473	2,573	21,046	3,746
Duncan, Sara	Councillor	18,473	3,187	21,660	-
Garnett, Scott	Councillor	18,473	-	18,473	-
Novek, Richard	Councillor	18,473	3,187	21,660	2,831
O'Keeffe, Terri	Councillor	18,473	1,688	20,161	1,918
Rintoul, Chad	Councillor	18,473	-	18,473	-
Total Elected Officials		**$ 157,087**	**$ 10,635**	**$ 167,722**	**$ 8,495**

EMPLOYEES

NAME	POSITION	REMUNERATION	EXPENSES [2]
Bankes, Connor	Senior Engineering Technician	$ 98,216	$ 1,731
Benson, Greg	Fleet Mechanic	91,003	22
Birrell, Ty	Probationer FF - Auxiliary	76,206	13
Chen, Kathy	Manager of Finance	137,136	2,545
Clary, Jenn	Director of Engineering	134,845	360
Collins, Greg	Purchaser - Inventory Controller	80,420	-
Cooke, Robert	Safety Coordinator	84,873	5,269
Cosgrove, Peter	Flush Truck Operator	75,998	-
Coward, Kory	Crew Chief (Underground Utilities)	84,258	1,267
Day, Reg	Chargehand (Underground Utilities)	78,188	-
Demaere, Bruce	Manager of Engineering	137,053	550
Edwards, Liam	Chief Administrative Officer	210,231	2,254
Fletcher, Celina	Municipal Planner	89,203	3,469
Ford, Richard	Career Firefighter/Fire Inspector II	154,257	357
Geary, Joey	Deputy Fire Chief	128,473	49
Gill, Leanne	Driver Services Supervisor	75,509	-
Green, Ron	Senior Electrician	107,131	525
Halliday, Clifford	Bylaw Enforcement Officer	78,985	1,521
Harman, Mike	Deputy Fire Chief	185,566	5,236
Harman, Stephen	Career Firefighter	92,166	10
Hicik, Andrew	Director of Finance	171,719	428
Holt, Alan	Crew Chief (Surface Infrastructure)	93,602	-
Hunt, Clayton	Parks Foreman	87,302	89
Joe, Jesse	Geospatial Analyst	89,536	2,437
Jones, Dan	Building Official I	84,117	4,311
Judson, Laura	Manager of Communications	123,064	654
Kimber, Mike	Foreman, Underground Utilities	115,290	1,875
Lohr, Andrew	Facilities Maintenance Supervisor	83,288	-
MacDonald, Constance	Manager of Human Resources	115,597	1,327
Macedo, John	Chargehand (Surface Infrastructure)	76,812	-

EMPLOYEES (CONTINUED)

NAME	POSITION	REMUNERATION	EXPENSES [2]
Maxwell, Will	Manager of Information Services	135,507	-
McLaughlin, Cory	Chargehand (Underground Utilities)	83,635	-
Mikkelsen, Brett	Fire Chief	259,777	8,352
Morton, Anna	Executive Assistant	79,067	2,137
Moyes, Jeffrey	Career Firefighter	82,740	32
Nelson, Sandi	Corporate Officer	127,341	3,104
Newcomb, Corey	Director of Community Planning	153,754	3,365
Olender, Brittany	Gardener I	77,921	89
Osland, Alan	Gardener III (Irrigation)	76,705	360
Paula, Jerry	Chargehand (Surface Infrastructure)	80,771	-
Pelton, Craig	Career Firefighter	131,622	13
Preanicov, Natalia	Senior Accountant	79,818	1,315
Pryor, Michael	Senior Arborist	84,651	1,446
Robinson, Brian	Manager Public Works & Parks	145,633	2,424
Robinson, Ken	Fleet Mechanic	91,651	22
Sumberac, Adriano	Foreman, Surface Infrastructure	125,930	188
Sumberac, Michael	Crew Cheif (Underground Utilities)	78,458	1,904
Tatem, Elizabeth (Paige)	RCMP Computer Systems Administrator	82,827	-
Verhagen, Alison	Director of Development Services	153,844	1,464
Wang, Kaiyun	Engineering Tech	76,798	222
Warburton, Craig	Engineering Tech - Land Development	81,723	2,601
Wilson, Annette	Police Clerk III (Crime Analyst/Quality Control)	86,306	-
Youell, Matt	Crew Chief (Underground Utilities)	86,840	961
		$ 5,703,363	$ 66,299
Consolidated total of other employees with remuneration of $75,000 or less:		3,473,496	n/a
Total Employees		**$ 9,176,860**	**$ 66,299**

1. Incurred while representing the Town as a member of Council at events and conferences.
2. Includes professional memberships, continuing education/training, attendance at conferences, and other costs incurred while conducting Town business.

Reconciliation:

Total Remuneration - Elected Officials	$	167,722
Total Remuneration - Employees		9,176,860
Subtotal		9,344,582
Total per Consolidated FS Note 13		11,128,423
Variance*	**$**	**(1,783,841)**

* Note 13 to the Consolidated Financial Statements provides a listing of expenses by object. The amount of $11,128,423 includes salaries, wages, employer benefit costs (i.e. dental, health, pension), payroll taxes (CPP, EI, WCB) and other employer paid payroll costs (i.e. severances, employee benefit obligation, allowances), whereas the amount of $9,344,582 shown above for the Schedule of Remuneration and Expenses represents only salaries, wages and taxable benefits (life insurance and AD&D). Furthermore, the Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles for local governments, and as such are prepared on an accrual basis and exclude wages paid on capitalized items. The Schedule of Remuneration and Expenses does not incorporate accrual accounting and represents amounts actually paid during 2025.

Employer contribution to Employment Insurance and Canada Pension Plan:

Employment Insurance:	$	143,324
Canada Pension Plan:		424,888
	$	**568,212**

Council Insurance Policies:
2025 Accidental Death & Dismemberment Insurance for loss resulting from injury while performing duties associated with the position - Lloyd's Policy #00007742
Principal Sum - $250,000 Weekly Accident Indemnity - $750 Accident Reimbursement - $25,000

Disclosure of contracts with Council members:
There were no contracts with Council members.

Severance Agreements:

There were no severance agreements between the Town of Sidney and its non-unionized employees during fiscal year 2025.

Prepared pursuant to Financial Information Regulations, Schedule 1, Section
Prepared in accordance with Section 107 & 168 of the Community Charter

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2025
SCHEDULE OF PAYMENTS FOR THE PROVISION OF GOODS AND SERVICES

1. Alphabetical list of suppliers who received aggregate payments exceeding $25,000:

Supplier Name		**Aggregate amount paid to supplier**
Receiver General for Canada-Police Agreement	$	2,699,199
Capital Regional District - Grant/Requisition		1,897,742
Capital Regional District - Water Consumption		1,629,940
Vancouver Island Regional Library		1,086,712
EMTERRA Environmental		876,455
W.A. Jones & Sons Trucking Ltd.		677,458
C-1 Contractors Ltd		439,672
Capital City Paving Ltd.		419,431
Emco Corporation		415,338
E-Comm, Emergency Communications for British Columbia		331,490
BC Hydro		314,623
Stantec Consulting Ltd		272,793
Skyblue Services Corp		211,093
Jenner Chevrolet Buick GMC Ltd		176,294
Parkland Corporation		169,794
Flagtrux Traffic Control		162,817
PW Trenchless Construction Inc.		149,297
Trane Canada		133,286
Municipal Insurance Association of British Columbia		128,490
Sidney Museum & Archives Society		125,436
City of Surrey		113,360
Goldstream Rock Products Ltd		111,986
Sigma Safety Corp		109,806
BC Crown Land		108,871
Seafirst Insurance Brokers Ltd.		104,344
CentralSquare Canada Software Inc		102,476
Telus		99,325
Beacon Community Services		96,759
Island Asphalt Company		95,460
Associated Engineering (B.C.) Ltd.		93,229
MacNutt Enterprises Ltd.		92,287
Butler Concrete & Aggregate Ltd		92,025
Robbins Parking Service Ltd		89,725
Janox Fluid Power Ltd		84,709
District of North Saanich		82,107
First Light Technologies Ltd		80,321
Sidney BIA Society		76,250
Scho's Line Painting Ltd.		75,044
Urban Systems Ltd.		73,434
CC Equipment Ltd		72,891
ICBC		69,680
Softchoice Canada Corp		68,134
Microsoft Canada		67,429
Capital Regional District-Animal Control		64,252

1. Alphabetical list of suppliers who received aggregate payments exceeding $25,000 (continued)

Supplier Name	Aggregate amount paid to supplier
Camtrux CCTV Services Ltd	55,755
Harris Victoria Chrysler Dodge Jeep Ram Ltd	55,355
CDW Canada Corp	54,752
Young, Anderson Barristers & Solicitors	54,178
Strata Corporation # VIS 5564	53,371
Amazon	53,040
Ryzuk Geotechnical	51,182
Sweeping Success Janitorial	49,231
Wekan Holdings Ltd.	49,151
Foreshore Equipment & Supply	49,113
Super Save Disposal Inc	47,920
Wheaton Chevrolet Buick Cadillac GMC Ltd	47,711
Blackjacket Paving Ltd	47,458
Onsite Engineering Ltd	47,030
PrairieCoast Equipment Inc	45,259
FortisBC-Natural Gas	44,505
Indigenous Corporate Training Inc	42,000
Capital Region Emergency Services Telecommunication Inc.	40,797
Greater Victoria Labour Relations Assoc-membership	40,134
Slegg Building Materials	39,894
Strata Corporation #VIS 6263 The Pier	36,404
Tetra Tech Canada Inc.	35,385
Strata Corporation #4994	35,152
Pacific Rim Shelters	34,350
Island Temperature Controls	34,049
Wesco Distribution Canada LP	33,434
Diamond Head Consulting	33,222
JSF Technologies	32,278
Wsanec Leadership Council	31,688
BCHydro-Sundry	30,377
Ipsos LP	29,400
Euna Solutions Canada	28,975
Associated Fire & Safety	27,837
Bremer Consulting	27,601
Integrity	27,103
C & C Growers Inc.	26,426
Horizon Signs	26,174
District of Central Saanich	25,567
School District #63	25,200
	$ 15,989,724

2. Consolidated total paid to suppliers who received aggregate payments of $25,000 or less **$ 1,700,462**

3. Grants and contributions

Recipient Organization	Amount
Memorial Park Society / Mary Winspear Centre	$ 443,425
Shaw Centre for the Salish Sea	206,932
Sidney Business Improvement Area Society	181,340
ArtSea Community Arts Council	51,800
South Island Prosperity Partnership	30,283
School District #63	20,326
Peninsula Celebrations Society	12,000
Beacon Community Services	7,000
Vancouver Island South Film & Media Commission	5,000
Saanich Marine Rescue Society	5,000
Peninsula Streams Society	5,000
Friends of St. Andrews	4,500
Need 2 - Suicide Prevention	3,500
Sampson, Karen F (Watanmy Powwow)	3,000
Cycling Without Age Society	1,500
Saanich Peninsula Pipe Band	1,000
Navy League of Canada	1,000
Sidney Guide & Scout Hall Society	1,000
676 Kittyhawk Air Cadets Squadron	1,000
Parkland Parent Association	750
Stelly's Secondary School Parents Dry After	750
Compost Education Centre	500
	$ 986,606

4. Reconciliation

Total of aggregate payments exceeding $25,000 paid to suppliers	$ 15,989,724
Consolidated total of payments of $25,000 of less paid to suppliers	1,700,462
Grants and contributions	986,606
	18,676,793
Total per Consolidated Statement of Operations	13,715,576
Add: Expenditures for capital purposes *	5,480,467
	19,196,044
Variance **	**$ (519,251)**

* Pursuant to public sector accounting standards for local governments, capital expenditures are not considered expenses. However, as this report is prepared on a cash basis, and cash outlays occurred in 2025 for capital purchases, the amount of these purchases is included in this reconciliation.

** The Financial Statements are prepared in accordance with public sector accounting standards for local governments, and as such are prepared on an accrual basis. The Schedule of Payments Made for the Provision of Goods or Services does not incorporate accrual accounting and represents amounts actually paid during 2025. The amounts shown on the Schedule of Payments Made for the Provision of Goods or Services include the GST paid to suppliers, where applicable, whereas the Financial Statements do not.